

Portsea Harbour Company Limited

**Annual report and financial
statements**

Registered number 01748902

31 March 2016

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Company information

Directors

JL Foster
JL Clarke
CM Waters

Company Secretary

CM Waters

Bankers

HSBC plc
18 North Street
Bishop's Stortford
Hertfordshire
CM23 2LP

Auditor

KPMG LLP
St Nicholas House
Park Row
Nottingham
NG1 6FQ

Registered office

South Street
Gosport
Hampshire
PO12 1EP

Solicitors

Blake Morgan LLP
New Kings Court
Tollgate
Chandlers Ford
Eastleigh
Hampshire
SO53 3LG

Strategic report

Business review

The principal activity of the company during the year was operating the landing stage at Portsea. FIH group plc manages its operations on a divisional basis. For this reason, the company's directors believe that further key performance indicators for the company are not necessary for an understanding of the development, performance or position of the business. The performance of The Portsmouth Harbour Ferry Company Group is discussed in the ultimate parent company's Strategic report, which does not form part of this report.

Results and dividends

The trading results for the year and the company's financial position at the end of the year are shown in the attached financial statements.

An interim dividend of £113,000 (2015: £117,000) was paid in the year. The directors do not recommend the payment of a final dividend (2015: £nil).

On behalf of the board



CM Waters
Director

Dated: 29 September 2016

Directors' report

The directors present their report and the audited financial statements for the year ended 31 March 2016.

Activities

The principal activity of the company during the year was operating the landing stage at Portsea.

Directors

The directors who served the company during the year and to the date of this report are as follows:

JL Foster
KDW Edwards (resigned 31 October 2015)
CM Waters
JL Clarke (appointed 1 November 2015)

Directors' indemnity

Certain directors benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

On behalf of the board



CM Waters
Director

Dated: 29 September 2016

Statement of directors' responsibilities in respect of the annual report and the financial statements

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent ;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



Independent auditor's report to the members of Portsea Harbour Company Limited

We have audited the financial statements of Portsea Harbour Company Limited for the year ended 31 March 2016 set out on pages 6 to 16. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Craig Parkin (Senior Statutory Auditor)

*for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants*

St Nicholas House
Park Row
Nottingham
NG1 6FQ

Dated: 3 October 2016

Profit and loss account and other comprehensive income
for the year ended 31 March 2016

	<i>Note</i>	2016 £000	2015 £000
Turnover	2	359	363
Other operating charges	3	(75)	(67)
Profit on ordinary activities before taxation	4	284	296
Tax on profit on ordinary activities	6	(55)	(62)
Profit for the financial year		229	234
Other comprehensive income			
Other comprehensive income		-	-
Other comprehensive income for the year, net of income tax		-	-
Total comprehensive income for the year		229	234

Balance sheet
at 31 March 2016

	<i>Note</i>	2016 £000	2015 £000
Fixed assets			
Tangible assets	7	246	173
		<u>246</u>	<u>173</u>
Current assets			
Debtors	8	901	1,774
Cash at bank and in hand		16	3
		<u>917</u>	<u>1,777</u>
Creditors: amounts falling due within one year	9	<u>(81)</u>	<u>(994)</u>
Net current assets		<u>836</u>	<u>783</u>
Total assets less current liabilities		<u>1,082</u>	<u>956</u>
Provisions for liabilities			
Deferred tax liability	10	<u>(39)</u>	<u>(29)</u>
Net assets		<u>1,043</u>	<u>927</u>
Capital and reserves			
Called up share capital	11	1	1
Profit and loss account		<u>1,042</u>	<u>926</u>
Shareholders' funds		<u>1,043</u>	<u>927</u>

These financial statements were approved by the board of directors on 29 September 2016 and were signed on its behalf by:



CM Waters
Director

Company registered number: 01748902

Statement of changes in equity

	Called up share capital £000	Profit and loss Account £000	Total equity £000
Balance at 1 April 2014	1	809	810
Total comprehensive income for the year			
Profit or loss	-	234	234
Other comprehensive income	-	-	-
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	234	234
	<hr/>	<hr/>	<hr/>
Transactions with owners, recorded directly in equity			
Dividends	-	(117)	(117)
	<hr/>	<hr/>	<hr/>
Total contributions by and distributions to owners	-	(117)	(117)
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2015	1	926	927
	<hr/>	<hr/>	<hr/>

	Called up share capital £000	Profit and loss Account £000	Total Equity £000
Balance at 1 April 2015	1	926	927
Total comprehensive income for the year			
Profit or loss	-	229	229
Other comprehensive income	-	-	-
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	229	229
	<hr/>	<hr/>	<hr/>
Transactions with owners, recorded directly in equity			
Dividends	-	(113)	(113)
	<hr/>	<hr/>	<hr/>
Total contributions by and distributions to owners	-	(113)	(113)
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2016	1	1,042	1,043
	<hr/>	<hr/>	<hr/>

The profit and loss reserve includes the £25,000 historical revaluation of the fixed roadway landing at Portsea, which is not distributable.

Notes

(forming part of the financial statements)

1 Accounting policies

Portsea Harbour Company Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101"). The amendments to FRS 101 (2014/15 Cycle) issued in July 2015 and effective immediately have been applied.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In the transition to FRS 101 from old UK GAAP, the Company has made no measurement and recognition adjustments.

The Company's ultimate parent undertaking, FIH group plc includes the Company in its consolidated financial statements. The consolidated financial statements of FIH group plc are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from FIH group plc, Kenburgh Court, 133-137 South Street, Bishops Stortford, Hertfordshire, CM23 3HX.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures.

- a Cash Flow Statement and related notes;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the company.

The company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 14.

1.1. Measurement convention

The financial statements are prepared on the historical cost basis.

Notes (continued)

1 Accounting policies (continued)

1.2. Going concern

The directors believe that the company will be able to maintain current trading volume without significant increase in the cost of so doing in the coming year. As a consequence and in conjunction with the company's existing financial resources the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and therefore continue to prepare annual financial statements on the going concern basis of financial statements preparation.

1.3. Classification of financial instruments issued by the Company

Following the adoption of IAS 32, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- (b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

1.4. Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other creditors Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

1.5. Tangible fixed assets

Tangible fixed assets are stated at deemed cost less accumulated depreciation and accumulated impairment losses.

Certain items of tangible fixed assets that had been revalued to fair value on or prior to 1 April 2014, the date of transition to FRS 101, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Land is not depreciated. The estimated useful lives are as follows:

Roadway	40 years
Pontoon	5 – 10 years
Portacabin	10 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

Notes (continued)

1.6. Impairment

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

1.7. Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

1.8. Turnover

Turnover represents the amounts invoiced to customers in the ordinary course of business for goods and services provided, including to fellow subsidiaries of FIH group plc, exclusive of value added tax.

1.9. Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Notes (continued)

2 Turnover

	2016 £000	2015 £000
<i>By activity:</i>		
Rendering of services	359	363
	<u>359</u>	<u>363</u>
<i>By geographical market:</i>		
United Kingdom	359	363
	<u>359</u>	<u>363</u>

3 Other operating charges

	2016 £000	2015 £000
Administrative expenses	75	67
	<u>75</u>	<u>67</u>

4 Expenses and auditor's remuneration

Auditor remuneration relating to this company has been charged to Gosport Ferry Limited.

5 Staff numbers and costs

The company had no employees other than the directors in either the current or the preceding year. The directors received no remuneration in the form of emoluments and fees during the year (2015: £nil). In both the current and prior year the remuneration and fees of directors have been paid by Gosport Ferry Limited.

6 Taxation

Recognised in the profit and loss account

	2016 £000	2015 £000
<i>UK corporation tax</i>		
Current tax on income for the period	45	64
Adjustments in respect of prior periods	-	-
	<u>45</u>	<u>64</u>
Total current tax	45	64
<i>Deferred tax (note 10)</i>		
Origination and reversal of temporary differences	13	(2)
Reduction in tax rate	(3)	-
	<u>10</u>	<u>(2)</u>
Total deferred tax	10	(2)
Tax on profit on ordinary activities	<u>55</u>	<u>62</u>

Notes (continued)

6 Taxation (continued)

Reconciliation of effective tax rate

	2016	2015
	£000	£000
Profit for the year	229	234
Total tax expense	55	62
	<hr/>	<hr/>
Profit excluding taxation	284	296
Tax using the UK corporation tax rate of 20% (2015: 21%)	57	62
Depreciation (less than)/in excess of capital allowances	1	-
Reduction in tax rates	(3)	-
	<hr/>	<hr/>
Total tax expense	55	62
	<hr/>	<hr/>

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective from 1 April 2020) was announced in the Budget on 16 March 2016. This will reduce the company's future current tax charge accordingly.

Notes (continued)

7 Tangible fixed assets

	Plant and equipment £000
Cost	
Balance at 1 April 2014	991
Additions	14
	<hr/>
Balance at 31 March 2015	1,005
Additions	88
	<hr/>
Balance at 31 March 2016	1,093
	<hr/>
Depreciation	
Balance at 1 April 2014	817
Depreciation charge for the year	15
	<hr/>
Balance at 31 March 2015	832
Depreciation charge for the year	15
	<hr/>
Balance at 31 March 2016	847
	<hr/>
Net book value	
At 1 April 2014	174
	<hr/>
At 1 April 2015	173
	<hr/>
At 31 March 2016	246
	<hr/>

8 Debtors

	2016 £000	2015 £000
Trade debtors	2	2
Amounts owed by group undertakings	899	1,702
Corporation tax	-	28
Prepayments and accrued income	-	42
	<hr/>	<hr/>
Total debtors due within one year	901	1,774
	<hr/>	<hr/>

Notes (continued)

9 Creditors: amounts falling due within one year

	2016 £000	2015 £000
Trade creditors	-	42
Amounts owed to group undertakings	-	944
Corporation tax	75	-
Accruals and deferred income	6	8
	<u>81</u>	<u>994</u>

10 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2016 £000	2015 £000	2016 £000	2015 £000	2016 £000	2015 £000
Tangible fixed assets	-	-	(39)	(29)	(39)	(29)
Net tax liabilities	<u>-</u>	<u>-</u>	<u>(39)</u>	<u>(29)</u>	<u>(39)</u>	<u>(29)</u>

Movement in deferred tax during the year

	1 April 2015 £000	Recognised in income £000	31 March 2016 £000
Tangible fixed assets	(29)	(10)	(39)
	<u>(29)</u>	<u>(10)</u>	<u>(39)</u>

Movement in deferred tax during the prior year

	1 April 2014 £000	Recognised in income £000	31 March 2015 £000
Tangible fixed assets	(31)	2	(29)
	<u>(31)</u>	<u>2</u>	<u>(29)</u>

Notes (continued)

11 Capital and reserves

Share capital

	2016 £000	2015 £000
<i>Allotted, called up and fully paid</i>		
1,000 ordinary shares of £1 each	1	1
	<u>1</u>	<u>1</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Dividends

The following dividends were recognised during the period:

	2016 £000	2015 £000
Interim dividend	113	117
	<u>113</u>	<u>117</u>

The directors do not recommend a final dividend.

12 Commitments

Capital commitments

At 31 March 2016, the Company had entered into contractual commitments of £35,000 for the pontoon refurbishment at Portsea.

13 Ultimate parent company and parent company of larger group

The immediate and ultimate parent company is FIH group plc, a company incorporated in Great Britain.

A copy of the financial statements of FIH group plc, in which the results of Portsea Harbour Company Limited are consolidated, can be obtained from FIH group plc, Kenburgh Court, 133-137 South Street, Bishop's Stortford, Hertfordshire CM23 3HX.

14 Accounting estimates and judgements

The preparation of the financial statements requires the Company to make estimates and assumptions that affect the application of policies and reported amounts. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are considered to be reasonable under the circumstances. Actual results may differ from these estimates.